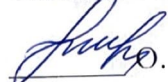


MINISTRY OF SCIENCE AND HIGHER EDUCATION OF THE RUSSIAN
FEDERATION
NATIONAL RESEARCH TOMSK STATE UNIVERSITY

Institute of Economics and Management

PERMITTED TO DEFEND

Program director
Professor,
Doctor of Economics

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«20» 06 2023

GRADUATE QUALIFICATION WORK OF MASTER'S DEGREE STUDENT
(MASTER'S THESIS)

WESTERN LUXURY BRANDS MARKETING STRATEGIES IN ASIA
AND CONSUMER VALUE PERCEPTION

on the basis of the educational program for preparing master's degree students

38.04.02 – Management

Churina Anastasia Alekseevna

Research Supervisor

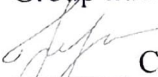
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«15» June 2023

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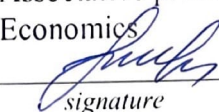
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Head of the main educational program
Associative professor, Doctor of
Economics


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THE TASK

of completing the final qualification work of a bachelor / specialist / master to a student
Churina Anastasia Alekseevna

Last name First Name Patronymic of the student

in the direction of training 38.04.02, main educational program (profile) "International
Management"

1 Topic of the thesis

Western Luxury Brands Marketing Strategies in Asia and Consumer Value Perception

2 The deadline for student to complete the thesis:

a) to the academic office /
dean's office –

б) to State Examination
Commission –

3 Initial data for work:

The object of the study – the perception of consumer value in the marketing strategies of
Western luxury brands in Asia

The subject of the study – a perception of Western luxury brands – Louis Vuitton, Dior
and Chanel, which have established themselves in Asia

The aim of the study – to analyze the role of consumer perception of value in marketing
strategies adopted by Western luxury brands in three selected Asian
countries – Japan, South Korea and China

Tasks:

1. to reveal the theoretical aspects of marketing strategies for the promotion of luxury
brands;
2. to differentiate consumer behavior of luxury brands in Western and Asian markets;
3. to study and characterize consumers of luxury goods in the markets of Japan, South
Korea, and China;
4. to study the influence of consumer perception of value on the formation of a strategy
for the promotion of luxury brands;
5. to study and analyze the marketing strategies adopted by the Western luxury brands
Louis Vuitton, Dior, and Chanel in three different Asian markets.

Research methods:

- the descriptive method;
- the method of studying literature;
- the comparative method;
- Marketing Mix Analysis (4P);
- the method of case studies;

- the method of generalization;
- the method analysis of results.

The organization or industry on which the work is being carried out –
Export Support Center of the Tomsk Region

4 Summary of the work:

The diploma aims to give an idea of the marketing strategies used by luxury brands Louis Vuitton, Dior, and Chanel to establish their presence in the competitive Asian markets of Japan, South Korea, and China, as well as how these strategies successfully influence the perception of consumer value and its formation. By understanding these strategies and their implications, luxury brands can better position themselves to capitalize on the region's enormous potential.

To conduct this study, the following chapters have been highlighted, which study one of the essential elements.

In the first chapter provides a general theory and description of existing marketing strategies; defines the phenomenon of the luxury brand and its characteristics, as well as the definition of Western luxury brands considered in this paper; discusses general approaches to the formation of marketing strategies of luxury brands.

In the second chapter defines the concept of the Asian market considered in this paper; describes in detail the portraits of consumers of the West and Asia: their key features; examines the differences between consumers of luxury goods in the markets studied – Japan, South Korea, and China.

In the third chapter examines the main elements of consumer value in the context of the formation of marketing strategies of Luxury brands. The analysis of cases in selected Asian markets was also carried out in the context of the marketing strategies used to form appropriate recommendations.

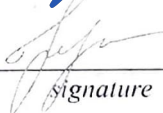
In the last chapter contains the conclusions of the study, as well as recommendations for improving and enhancing the marketing strategies of luxury brands in selected Asian markets in the context of consumer value perception.

Supervisor of the final qualification work
Cand. of Economic Science, NR TSU
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Churina A.A.
Full name

Abstract

Establishing the presence of Western luxury brands and winning the attention of consumers in Asian markets provides for a complex and thoughtful network of marketing strategies that take into account the factors of consumer behavior of specific markets. In this regard, it was interesting to look at and consider the cases of successfully developed and implemented marketing strategies of Western luxury brands Louis Vuitton, Chanel, and Dior in the markets of Japan, South Korea, and China from the point of view of the role of consumer perception of value.

Therefore, the aim of this dissertation is to analyze the role of consumer perception of value in marketing strategies adopted by Western luxury brands in three selected Asian countries – Japan, South Korea, and China. To carry out the analysis, a number of tasks have been developed that structurally correspond to the content of the work and reveal the necessary theoretical and practical aspects.

The first chapter by using the descriptive method and the method of studying literature presents a general theory regarding marketing strategies, luxury brands and discusses general approaches to the formation of marketing strategies of luxury brands. The second chapter by using the comparative method makes distinctions regarding consumers in the markets of the West and Asia, and also examines the differences between consumers of luxury goods in the studied markets – Japan, South Korea, and China. The third chapter by using the methods of studying literature and of case studies examines the theoretical aspects of consumer value formation in the context of creating consumer value by luxury brands, and also by using Marketing Mix Analysis (4P), methods of generalization and analysis of results analyzes real cases in certain Asian markets in the context of marketing strategies to form appropriate recommendations. The conclusion contains the results of the study, as well as recommendations for improving the marketing strategies of luxury brands in certain Asian markets in the context of consumer value perception.

Therefore, the study confirms the importance of the role of Consumer Value Perception in the context of the formation of marketing strategies by Western luxury brands in three different Asian markets. It is necessary to take into account various factors of consumer behavior in the formation of a brand positioning strategy in a particular market.

Keywords: Consumer Value Perception, Western Luxury brand, Marketing Strategy, Asian Market, Consumer Behavior

Аннотация

Установление присутствия Западных люксовых брендов и завоевание внимания потребителей на Азиатских рынках предусматривает сложную и продуманную сеть маркетинговых стратегий, учитывающие факторы потребительского поведения конкретных рынков. В связи с этим было интересно взглянуть и рассмотреть кейсы успешно разработанных и внедренных маркетинговых стратегий Западных люксовых брендов Louis Vuitton, Chanel и Dior на рынках Японии, Южной Кореи и Китая с точки зрения роли потребительского восприятия ценности.

Таким образом, целью данной диссертации является анализ роли потребительского восприятия ценности в маркетинговых стратегиях, принятых Западными брендами класса люкс в трех выбранных азиатских странах – Японии, Южной Кореи и Китае. Для проведения анализа был разработан ряд задач, которые структурно соответствуют содержанию работы и раскрывают необходимые теоретические и практические аспекты.

В первой главе с использованием описательного метода и метода изучения литературы представлена общая теория, касающаяся маркетинговых стратегий брендов класса люкс, и обсуждаются общие подходы к формированию маркетинговых стратегий брендов класса люкс. Во второй главе с использованием сравнительного метода проводятся различия в отношении потребителей на рынках Запада и Азии, а также рассматриваются различия между потребителями предметов роскоши на исследуемых рынках – Японии, Южной Кореи и Китае. В третьей главе с использованием методов изучения литературы и тематических исследований рассматриваются теоретические аспекты формирования потребительской ценности в контексте создания потребительской ценности люксовыми брендами, а также с использованием Классической Модели Маркетинг-Микса (4P), методов обобщения и анализа результатов анализируются реальные кейсы на определенных азиатских рынках в контексте маркетинговых стратегий для формирования соответствующих рекомендаций. В заключении находятся выводы по исследованию, а также рекомендации по совершенствованию маркетинговых стратегий брендов класса люкс на отдельных Азиатских рынках в контексте восприятия потребительской ценности.

Таким образом, исследование подтверждает важность роли восприятия потребительской ценности в контексте формирования маркетинговых стратегий Западными люксовыми брендами на трех разных Азиатских рынках. Необходимо учитывать разные факторы потребительского поведения в формировании стратегии позиционирования бренда на конкретном рынке.

Ключевые слова: Восприятие Потребительской Ценности, Западный Бренд Класса Люкс, Маркетинговая Стратегия, Азиатский Рынок, Потребительское Поведение

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Introduction

Since the early 2000s, Western luxury brands have been actively expanding their presence in Asian markets, driven by the desire to capitalize on the growing wealth of the Asian market and opportunities in undeveloped markets. This expansion has led to the fact that Western luxury brands have firmly established their presence in the region, which often led to significant financial benefits for these brands. However, behind this success lies a complex network of marketing strategies designed and implemented in order to attract the attention of consumers in this highly competitive and constantly evolving market.

The relevance of this work lies in the fact that this study is important for understanding the dynamics of international business, especially the luxury goods market in Asia in the direction of Japan, South Korea, and China, which is one of the fastest growing and profitable markets for luxury brands worldwide. The results of this study will be useful for Western luxury brands seeking to expand their presence in the Asian market and develop effective marketing strategies to attract and retain customers in the face of current trends.

The aim of this thesis is to analyze the role of consumer perception of value in marketing strategies adopted by Western luxury brands in three selected Asian countries – Japan, South Korea, and China.

The object of this study is the perception of consumer value in the marketing strategies of Western luxury brands in Asia.

The subject of the research is the perception of Western luxury brands – Louis Vuitton, Dior, and Chanel, which have established themselves in Asia.

To achieve the aim of this study, the following tasks were set:

1. To reveal the theoretical aspects of marketing strategies for the promotion of luxury brands;
2. To differentiate consumer behavior of luxury brands in Western and Asian markets;
3. To study and characterize consumers of luxury goods in the markets of

Japan, South Korea, and China;

4. To study the influence of consumer perception of value on the formation of a strategy for the promotion of luxury brands;
5. To study and analyze the marketing strategies adopted by the Western luxury brands Louis Vuitton, Dior, and Chanel in three different Asian markets.

The scientific novelty of this research lies in the growth of scientific knowledge through identification and demonstration of practical marketing research of consumer behavior and value for the consumer within the framework of the work of Western luxury brands in Asian markets. This comprehensive study consists in creating a set of recommendations for improving existing modern marketing strategies, which will help global marketers in developing more differentiated marketing strategies for different cultures.

The practical significance of this work lies in the fact that the theoretical foundations used in this study can be used by other marketers and researchers to further promote research in the field of luxury goods marketing and consumption analysis.

This thesis contains 4 main parts, which are divided into the following:

Chapter 1. Theoretical aspects of the formation of a marketing strategy for the promotion of luxury brands. This section provides a general theory and description of existing marketing strategies; defines the phenomenon of the luxury brand and its characteristics, as well as the definition of Western luxury brands considered in this paper; discusses general approaches to the formation of marketing strategies of luxury brands.

Chapter 2. Differentiation of the Western and Asian markets. This section defines the concept of the Asian market considered in this paper; describes in detail the portraits of consumers of the West and Asia: their key features; examines the differences between consumers of luxury goods in the markets studied – Japan, South Korea, and China.

Chapter 3. Analysis of aspects of consumer value formation. This chapter

examines the main elements of consumer value in the context of the formation of marketing strategies of luxury brands. The analysis of cases in selected Asian markets was also carried out in the context of the marketing strategies used to form appropriate recommendations.

Conclusion. This section contains the conclusions of the study, as well as recommendations for improving and enhancing the marketing strategies of luxury brands in selected Asian markets in the context of consumer value perception.

To conduct this research, the diploma will use a list of research methods, including the descriptive method, the method of studying literature, the comparative method, Marketing Mix Analysis (4P), the method of case studies and methods of generalization and analysis of results. These methods will be used to identify the motives that determine consumer behavior in the Asian market, and to study various strategies used by luxury brands to gain an advantage over their competitors.

The diploma aims to give an idea of the marketing strategies used by luxury brands to establish their presence in the competitive Asian market, as well as how these strategies successfully influence the perception of consumer value. By understanding these strategies and their implications, luxury brands can better position themselves to capitalize on the region's enormous potential.

1 Theoretical aspects of the formation of a marketing strategy for the promotion of luxury brands

Theoretical aspects of the formation of a marketing strategy are necessary to understand the strategies used by Western luxury brands in any market. From a theoretical point of view, it is important for luxury brands to take into account both micro- and macro-level factors when developing their strategies. This means understanding different demographic trends and preferences, the impact of cultural norms and values, as well as the impact of digital media platforms.

In addition, the brand must also take into account the potential impact of its strategies on the target audience, as well as on the environment in general. From the point of view of micro-level factors, it is necessary to get a complete understanding of the needs and motivation of target consumers in order to create an effective message. Luxury brands should define the value system and lifestyle of their target consumers in order to create attractive messages for them. In addition, it is important for luxury brands to use the latest technologies to develop personal targeted campaigns aimed at their target audience.

At the macro level, luxury brands need to be aware of the potential implications of their strategies for the broader market. Luxury brands should strive to stay ahead of the curve by staying up to date with the latest trends, such as digital marketing initiatives. In addition, they should also be aware of potential rules or restrictions that may have an impact on their activities. By being aware of these macro-level factors, luxury brands can ensure that their strategies remain effective and ethical.

Essentially, the success of any marketing strategy developed by luxury brands depends on their ability to gain an in-depth understanding of both their target audience and the operating environment. By doing so, these brands can create messages that attract their consumers, as well as convey a sense of quality and exclusivity associated with their products. Therefore, luxury brands can maximize their potential in the competitive Asian market.

1.1 The essence and types of marketing strategies

According to the American Marketing Association (AMA), today the term “marketing” is defined as ‘the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large’ [1]. Marketing includes many tools and approaches, such as marketing research, product development, brand management, advertising, sales, and much more. Without marketing, the company will not be able to successfully gain a foothold in the market, attract new customers and retain existing ones.

If we extract the main essence, then marketing is the science of how to sell goods and services. This science includes various strategies and methods that help companies sell their products and increase profits.

According to the A Dictionary of Business and Management, “marketing strategy” is defined as ‘a plan identifying what marketing goals and objectives will be pursued to sell a particular product or product line and how these objectives will be achieved in the time available’ [53].

One of the most famous marketing theories is the theory of Marketing Mix or “4P” (Product, Price, Place, Promotion), which was developed by American marketer Edmund Jerome McCarthy in 1960 [80]. He suggested that any marketing strategy should be based on four main elements: Product, Price, Place, and Promotion. These elements should be defined and adapted to a specific company. Now look at each of them in more detail:

1. Product

Product includes a physical product or service that a company offers to its customers. It is important that the product meets the needs and desires of the target audience. The company must take into account aspects such as quality, usability, design, functionality, packaging, and branding.

2. Price

Price is the cost of the product that customers are willing to pay for it. Pricing should take into account the costs of production and distribution of the product, as well as the competitive environment. The company can use various pricing strategies, for example, fixed price, dynamic pricing or discounts.

3. Location

Location is a location where customers can purchase a product. It can be a physical store, an online store, a distributor, or any other place where customers can interact with the company and its products. It is important that the place is convenient and accessible to the target audience.

4. Promotion

Promotion is the ways in which a company informs about its products and attracts customers. This can be advertising, personal sales, public relations, direct marketing, etc. The company should use those promotion channels that are most effective for its target audience.

It is considered that this model includes all the necessary product parameters that a marketer can control and develop for effective product promotion on the market. The purpose of the Marketing Mix is to develop a strategy that will increase the perceived value of the product, as well as help maximize the long-term profit of the company in the market.

Considering the types of marketing strategies, there are four main types of marketing strategies for the development of the company:

1. Basic;
2. Competitive;
3. Global;
4. Growth.

Each type means a direction of action. The choice depends on the vector in which the organization is developing, what advantages and initial data it has.

The Basic strategies proposed by Michael Porter [60], which are based on the positioning of the company, include:

- Cost leadership

The company optimizes processes and reduces costs. This allows you to reduce the price of the product and therefore attract a large audience.

- Differentiation

The company offers products or services that differ from those of competitors, and focuses on this difference. This may be differentiation by product, related service or image.

- Focusing

The company is shifting its focus from the product to a specific market segment.

Philip Kotler [50] identifies and attributes four competitive strategies to Competitive strategies that depend on the situation in the company and on the market:

- Cost Leadership Strategy

This strategy focuses on offering products or services at the lowest possible cost while maintaining quality. This is achieved through efficiencies in operations, supply chain management, and economies of scale.

- Differentiation Strategy

This strategy focuses on creating unique products or services that are perceived as superior to the competition. Differentiation can be achieved through innovation, quality, design, branding, and customer service.

- Focus Strategy

This strategy focuses on serving a particular niche market or customer segment. It involves developing products or services tailored to the specific needs and preferences of a particular group of customers.

- Integrated Low-Cost/Differentiation Strategy

This strategy involves combining cost leadership and differentiation strategies to achieve a balance between price and product or service differentiation. This strategy is particularly effective in highly competitive markets where customers are price-sensitive but also demand high-quality products or services.

The company's Global strategies include:

- Standardization

It is a strategy that a company developer to expand its operations into the global market. In a standardization strategy, you all the same products in every location. It is characterized by keeping control centralized rather than delegating decisions to local markets.

- International

It involves importing and exporting products. Using an international strategy can allow you to work with foreign suppliers and sell to customers around the world while keeping your physical premises within your home country. Basically, these still focus mainly on the company's home market while doing some business overseas.

- Multinational

By use a multinational strategy, you can cater your products to each individual local market. You can also have physical business locations and staff based in various locations. The key benefit of using it is the ability to cater your business to individual locations.

There are three types of Growth strategies:

- Intensive growth

Leadership in a certain market segment or the creation of a unique product.

- Integrative growth

Integrative growth is a strategy that is aimed at expanding into the

related business.

- Diversification

This strategy involves expanding the product line or directions.

It is important to note that marketing is a constantly evolving field of knowledge, and new theories and strategies appear every year. This is due to the changing needs and requirements of customers, as well as the development of new technologies and innovations in the production and sale of goods and services.

Developing a marketing strategy is an ongoing process. But in general, working with a marketing strategy can be divided into four main stages [13] [25]:

Stage 1. Data analysis.

At this stage of strategy development, market research, competitors, audience, product and promotion channels are conducted.

Stage 2. Planning a marketing strategy.

Based on analytics, they define goals and objectives, evaluate resources and select priority areas. It happens that before moving to the next stage, you need to refine the product, change the positioning of the brand or hire additional specialists.

Stage 3. Implementation of the marketing strategy.

At this stage, develop and launch advertising campaigns on selected promotion channels. Deadlines, budgets and methods of evaluating effectiveness are prescribed in the marketing strategy plan.

Stage 4. Intermediate control of the results.

In addition to controlling deadlines and budgets, at this stage of developing a marketing strategy, it is necessary to summarize the results of each implemented event and analyze the reasons for successes and failures. This will help track changes in the market in time, find mistakes in planning and scale successful tactics.

The stages of developing a marketing strategy are cyclical. After the control stage, the strategy can be refined or revised depending on the results.

In conclusion, marketing is a very important function for any company, and understanding the basic theories and strategies helps it sell its products and increase profits.

1.2 Understanding luxury brands and characteristics

Adam Smith classified the goods into ‘essentials’ and ‘luxury’. Since then, scientists have considered luxury goods as scarce, exclusive and expensive goods that only consumers with sufficient resources can afford [98].

Luxury is a term used to describe companies that provide high-end goods, products or services. The luxury industry consists of brands that are generally considered high-quality, rare, aesthetically pleasing, and expensive [42]. Goods or services of this class are not considered vital, but rather show the level of a person’s income and well-being.

Since luxury goods are expensive, wealthy people are disproportionately large consumers of luxury goods. Those who are not rich usually do not buy luxury goods, since most of their income is spent on expenses related to the necessities necessary for life. Luxury goods can be considered demonstrative consumption, which consists in buying goods mainly or exclusively in order to demonstrate one’s wealth.

Luxury goods tend to be sensitive to a person’s income or wealth, which means that as wealth increases, so do purchases of luxury goods. As a result, it is believed that luxury goods demonstrate a positive elasticity of demand for income, which is an indicator of how much demand for a product reacts to a change in a person’s income. Conversely, if there is a decline in income, the demand for luxury goods will decrease.

Luxury goods are the opposite of essential goods or necessary expenses that people buy regardless of their income or wealth level. Food, water and utilities used for living in a house or apartment are probably considered essential goods for most people.

Luxury goods may also refer to services such as cooks and housekeepers working full-time or with accommodation. Some financial services can also be considered luxury services by default, since low-income people usually do not use them. Luxury goods also have special luxury packaging, which distinguishes them

from ordinary goods of the same category. Of course, the definition of a luxury item is somewhat subjective, depending on a person's financial circumstances. For example, someone may consider a car a luxury item, while another may consider it a necessity.

It is necessary to focus attention on the fact that luxury goods are a subjective term that depends on a person's financial situation. This concept is contradictory and changes depending on changes in technology, the period, the global economy, and other related factors.

Although the designation of a luxury item does not necessarily mean high quality, such goods are often considered the most expensive on the market in terms of quality and price.

Speaking of potential buyers of premium segment goods, today these are people with an income above average. Conventionally, the buyers of premium segment goods can include high-ranking officials, business owners, the elite from creative circles and their relatives.

And although luxury items may differ from person to person, the following items are considered luxury items in an economy [42]:

- Couture clothing and fur coats;
- Accessories (e.g., jewelry and high-end watches);
- A high-end car (e.g., a sports car);
- Yacht;
- Wine;
- Houses and estates.

Luxury brands, as a rule, belong to the category of such, because they offer goods or services that are qualitatively different from other categories and classes of goods. Next, it is necessary to consider the main characteristics of luxury goods:

- Uniqueness

The peculiarity of the extraordinary distinguishes the luxury goods from the usual. People will not spend money on a product with ordinary

functions, unless it adds value and comfort to life. The quality and craftsmanship of the product also bring the luxury factor. Therefore, they stand out from the crowd and put something new.

- Price

It is expected that the luxury product, although it is not necessary, will be in the upper part of the price range. Luxury items are generally much more expensive than basic necessities. In addition, their other characteristics, such as quality, rarity and aesthetics, increase the price several times.

- Quality

Luxury items are designed to enhance a person's social status and add a sense of comfort. Accordingly, they are characterized by constant quality, durability and a sense of timelessness. Therefore, they help to make a lasting and trustworthy impression on the target audience. In addition, buyers should perceive this product as synonymous with a luxurious lifestyle.

- Exclusivity

A product that is exclusively available to several people is considered special. Luxury items are always rare and in limited quantities. Its controlled availability increases the attractiveness coefficient. Having acquired something that is not mass-produced, the effect of your peculiarity appears.

- Personalization or High Emotional Value

Something designed exclusively specifically for a certain person instantly creates a sense of that peculiarity. Luxury goods create the feeling that you stand out from the crowd and own something that is created for you.

- Unforgettable experience

The main product is a commodity. However, a luxury product is an

experience in itself. Things like first-class service, luxurious packaging and a chic environment in the store enrich the experience. This is imprinted in your mind before and after using the item.

The Global Luxury Goods Market attained a market value of USD 262.66 Billion in 2021 and is expected to grow at a CAGR of 5.63 % during the forecast period of 2023-2028. The demand for luxury goods is influenced by the growing purchasing power of wealthy people and people with ultra-high income [42] [85].

The largest segment of the market is the Luxury Fashion segment with a market volume of 111.50 billion US dollars in 2023. According to the forecasts of the business magazine GEOWORLD, the global luxury clothing market will reach 350 billion US dollars in 2030, increasing at a cumulative annual growth rate (CAGR) of 4.0%. Based on these statistics, the work will mainly focus on luxury brands in the segment of high fashion and clothing [86].

According to Statista, the list of the 60 most luxurious brands in the world includes the following brand names: Acne Studios, Alexander McQueen, Alexander Wang, Balenciaga, Bally, Balmain, Bosideng, Bottega Veneta, Brunello Cucinelli, Burberry, Canada Goose, Carolina Herrera, Celine, Chanel, Chloé, Coach, Comme des Garçons, Dior, Dolce & Gabbana, Dries van Noten, Ermenegildo Zegna, Etro, Fendi, Giorgio Armani, Givenchy, Gucci, Hermès, Hugo Boss, Isabel Marant, Jimmy Choo, Kate Spade, Kenzo, Loewe, Longchamp, Loro Piana, Louis Vuitton, Maison Margiela, Marc Jacobs, Marni, Max Mara, Michael Kors, Miu Miu, Moncler, Moschino, Mulberry, Off-White, Paul Smith, Prada, Ralph Lauren, Rick Owens, Saint Laurent, Salvatore Ferragamo, Stella McCartney, Supreme, Tod's, Tom Ford, Tommy Hilfiger, Tory Burch, Valentino, and Versace [91].

Speaking about the terminology Western Luxury brands, in this paper, this term will mean those companies and fashion houses whose headquarters at the time of the first half of 2023 are located in Western European countries (including Austria, Belgium, Great Britain, Germany, Ireland, Liechtenstein, Luxembourg, Monaco, Netherlands, France, Switzerland), the countries of North America, Australia, and New Zealand [21] [106].

According to the results of GEOWORLD research, the top 10 most popular luxury brands in the world for 2023 included [72]:

1. Gucci;
2. Dior;
3. Chanel;
4. Louis Vuitton;
5. Hermes;
6. Rolex;
7. Tiffany;
8. Prada;
9. Versace;
10. Ralph Lauren.

As of December 2022, according to the GEOWORLD business magazine, Gucci is the most popular luxury brand in the world for 2023. Fashion brands occupy eight out of ten items on this list. The only ones who are not are Rolex (the most prestigious watch brand) and Tiffany (an elite luxury jewelry company and a specialized retailer).

For further research, relevant options were selected from this list of the most popular luxury brands, which are considered Western luxury brands within the framework of this research work. A Table 1 was created that provides basic information about the full list of companies from the GEOWORLD business journal study (APPENDIX A). The territorial criterion ‘Location of the headquarters (city, country)’ was selected for the analysis. Using the data located and available on the official websites of brands, it was concluded that 7 out of 10 luxury brands are considered Western luxury brands. This list includes the following names: Dior, Chanel, Louis Vuitton, Hermes, Rolex, Tiffany, and Ralph Lauren.

Luxury brand marketing is a specific marketing practice that differs from mass market marketing [39]. It is based on the strategy of creating, managing and promoting unique, exclusive and expensive goods and services that are intended for a limited target audience.

Most consumers think about this several times before investing in luxury brands. People usually invest in luxury brands to showcase their aesthetic side, while some of them want to show that they can afford luxury brands.

Luxury goods marketing is different because luxury brands are different from each other. Consumers have different motives to buy luxury goods. Striving for status is an important source of motivation to purchase relevant goods and services, which will allow others to understand that we have ‘achieved our goal’ [55].

Luxury brand marketing is defined as a marketing strategy that focuses on creating optimal brand value and pricing for a luxury brand using various brand elements such as origin, heritage, craftsmanship, country of origin, prestigious customers, scarcity, uniqueness, etc. with maximum benefit [39].

The marketing of luxury goods cannot be approached in the same way as the marketing of everyday consumer goods. The goal of a luxury marketing strategy is to create the maximum possible brand value by fulfilling a lifestyle dream or goal, not just selling a product. A luxury brand means wealth, prestige and quality. When developing a branding or marketing strategy for such a brand, it is important to focus on your clientele, brand promises and visual elements.

This means using a Marketing Mix that includes 4P (Product, Price, Place, and Promotion) to sell luxury brand characteristics using a luxury brand strategy using a broad approach, including social media platforms [43].

1. Product

One of the key features of luxury brands is the presence of a loyal consumer base. Therefore, such brands do not need regular promotions or special marketing strategies. Therefore, they do not need any loyalty programs, instead, such brands should try to turn their consumers into loyal brand defenders. You can guarantee this by guaranteeing the quality and exclusivity of your products. Luxury items must be of high quality. They must be made of materials of the highest quality and with skillful craftsmanship, with an aesthetically pleasing appearance.

2. Price

Luxury goods have high prices in their product category because of the high-quality materials and craftsmanship required for their production. This also includes intangible components, such as the history and identity of the brand, after-sales service, exclusive relationship with stores, etc.

3. Place

You won't find many luxury items available online or in retail stores [85]. Instead, they must be pre-ordered, available only at select high-end stores, or sold at auction. This creates a sense of scarcity and exclusivity. Not everyone can get their hands on this product.

4. Promotion

Luxury items are usually advertised or sold in an artistic, unearthly or fabulous manner, as if they are not of this world, and represent exquisite, unusual items.

Further we need to take a closer look at the ways of promotion, because in the context of digitalization, this is the most important aspect of promotion.

SEO and context are not something that will attract a lot of buyers. Luxury brands are searched not by thematic product requests, but by the names of companies, collections, and specific product models. The basis for attracting attention to a brand is its reputation, status and history. People come to him not from a search engine, but by personal recommendation or by long-standing habit, so word of mouth, mailing lists, publications in the media, events and collaborations with other brands or celebrities are effective ways of advertising. These are methods that do not always work quickly and very indirectly. In the terminology of marketers, all these stories are rather comprehensive.

The most effective methods will be considered:

1. Events are one of the most powerful sources of recognition. Brands often become partners of fashion shows, scores, regattas and tennis tournaments. Luxury watches and cars manufacturers very often sponsor sporting events, fashion brands – everything related to fashion

and culture.

2. Celebrity marketing – brands very carefully choose a star for partnerships. Its reputation, audience loyalty and brand values are important. They try to place information about brands neatly and natively in publications in social networks and glossy media. Often, the stars do not advertise anything, but simply appear in the brand's clothes or jewellery at events, which does not go unnoticed.
3. Publications – top media are Vogue, Tatler, GQ, Elle. They can host both direct advertising and native publications and even a well-veiled product placement in the photo.
4. Targeted mailings – it is important to maintain the consumer's sense of belonging to a closed club. In rare, non-intrusive mailings, they can notify about closed access to a new collection or give exclusive invitations to key events.
5. Collaborations are mutually beneficial cooperation between people, artists, celebrities, brands or companies when partners create something together. For example, they release a product, conduct a PR campaign or make content.

Luxury brands strive to create an exclusive, inspiring and memorable experience. Luxury brand marketing is more than just creating a beautiful website, using celebrity ads or marketing influencers. To truly stand out in today's luxury goods market, brands need to be strategic, laser focused and customer-centric in their marketing efforts.

Successful luxury brands attract their customers with emotional experiences and find a response from the target audience. This leads to consumers buying their products simply because their name or logo appears. Emotions play a crucial role in making such purchases, even during an economic downturn.

The main thing is to take the product beyond the usual product and create an impression of the brand, which causes a powerful emotional connection with the main target audience.

Summarizing the first chapter of the study, the following conclusions can be drawn. The Marketing Mix (4P) framework can be used as the heart of the marketing strategy for luxury brand. It is a powerful tool that can help the brand define 4 dimensions – its Product, Price, Place, and Promotion strategies. However, the brand must apply the framework in a refined and sophisticated manner that align with the luxury brand's unique identity and image, pricing, exclusivity, target audience, and quality products.

2 Differentiation of the Western and Asian markets

Considering the definition of ‘consumer behavior’, it is an interdisciplinary social science that combines elements of psychology, sociology, social anthropology, anthropology, ethnography, marketing, and economics, especially behavioral [56]. This science explores how emotions, attitudes, and preferences influence purchasing behavior.

In this case, the markets of Western and Asian countries can be described as completely different in terms of their economic development, consumer preferences and general culture.

According to the data, in general terms, from the point of view of economic development, the West is recognized as a more developed market than Asia, where most countries are still relatively young and are at the stage of formation [104].

As for consumer preferences, Western consumers tend to have a higher purchasing power [70].

Cultural factors play an important role in differentiating the Western and Asian markets. As a rule, Western and European cultures are more individualistic, encouraging a sense of self-expression and independence. Therefore, luxury brands tend to focus on the concept of exclusive status and sophistication. On the other hand, Asian cultures tend to be more collectivist, with a greater emphasis on traditional values and building relationships.

2.1 Differences between consumers of luxury brands in Western and Asian perspectives

Historically, Asian culture dictated a person's position according to his biography, family, clan, profession or caste system. However, over the past 30-50 years, many of these status indicators have become less rigid due to greater exposure to education and the trend of globalization. The key criterion for classification was how much money a person has and how he demonstrates this wealth.

“In modern Asia, you are what you wear” [15]. Thus, the new social order or status defined by the luxury brand is replacing the old ways of status designation in Asia.

East Asians are particularly greedy consumers of luxury goods [101]. However, just because many luxury items are the same in both Asian and Western societies, this does not mean that consumers buy them for the same reasons or that the goods perform the same social functions in each society, since the meaning of material items is difficult to convey in different cultures. Asians are very sensitive to status [36]. In addition, Asian consumers buy luxury goods not only because of their perceived quality, but also because of their social status [15]. According to the chairman of Vendome Luxury Group, for many Asians, the main need is recognition, which indicates whether a person has good taste or not, and at least a person is astute enough to understand that buying luxury goods is a way to show that he has good taste [36].

The high level of consumption of Western goods does not mean the ‘Westernization’ of Asian consumers [36]. The value of goods to consumers and the motivation to consume may differ in each culture. In Asia, when consumers make a purchase decision, the criterion for choosing goods for public use is the ability of the product to express the correct values in accordance with accepted social norms and standards. These values are transmitted through signals such as price, brand name and packaging, and not through the internal qualities of the

product.

Moreover, in a situation where a product is purchased as a gift for a person who is socially significant to the buyer, the decision to purchase goods is often based on a strict calculation of what kind and level of importance of the relationship needs to be demonstrated in a specific social context [36]. The reason is that Asians are a Confucian collectivist society, and group identity is very impolite. They are relatively collectivistic in their social values compared to people in the West [45].

In a study of the style of luxury consumption in Southeast Asia conducted by Wong N. and Ahuvia A.C., several differences were pointed out between the Western individualist tradition and the Confucian tradition of Southeast Asia [101]. The Western individualistic tradition demonstrates independent self-esteem, while the Confucian tradition of Southeast Asia demonstrates interdependent self-esteem. The Western individualist tradition promotes the idea that a group and society should meet the needs of a person and those individuals should be evaluated only on their own merits. On the contrary, the Confucian tradition of Southeast Asia asserts that individual needs are to fit the group and society, and that it is legitimate to judge people by their group, especially by their origin.

These differences have led to different marketing consequences, so that the Western individualistic tradition focuses on the internal, such as “goods as sources of pleasure”. Product choices often reflect individual attitudes and tastes, and symbolic products often express a person’s inner self, so brands can become potentially misleading indicators of the quality of an individual product.

Meanwhile, the Confucian tradition of Southeast Asia focuses on the external, such as “publicly visible property”. When choosing a product, social criteria are often applied. Symbolic goods often determine an individual’s place in the social hierarchy in such a way that the brand itself becomes an important indicator of the quality of an individual product. Therefore, residents of Southeast Asia pay great attention to things that are publicly available and noticeable, such as bags with designer inscriptions, expensive cars and jewelry [101]. These conclusions are supported by the conclusion of Wheeler L., Reis H.T. and Bond M.H. that, while

Americans focus on self-expression by satisfying personal needs, Chinese mores emphasize harmonious interaction between group members [99].

Asian consumers buy and use luxury brand products to show their wealth and position in society. Unlike Western culture, Asian consumers' consumption of luxury goods is conditioned by their need for status signs or in accordance with others. While Western consumers often choose products based on their individual tastes and to please themselves, Asian consumers choose products in such a way that they can fit into a social framework and belong to a certain group, as well as express their wealth.

It is also worth mentioning the status of marketing channels. In Asia, physical stores and social media platforms like WeChat, Line, and KakaoTalk play more significant role than e-commerce platforms such as Amazon. In contrast, in the West, e-commerce platforms have a more significant impact on the luxury brand market.

Considering the price sensitivity, Asia is generally more price-sensitive than the West. Consumers in Asia are more likely to look for the 'best offer', but now they are willing to pay more, whereas Western consumers tend to be willing to pay a premium for luxury goods.

2.2 Features of luxury brands consumers in Asian countries on the examples of Japan, South Korea, and China

Many Asian consumers of luxury goods have unique characteristics, and these characteristics are different in each country, for example, in Japan, South Korea and China, which will be further considered for this study. In addition, their consumer behavior differs from the behavior of Western consumers. When people buy certain products and brands, the benefits they wish to receive from their purchases depend on their specific culture [2] [61].

The cultures of Japan, South Korea, and China are heterogeneous, even though they are often portrayed as homogeneous. Talking about the social structures of this countries, they are heterogeneous to some extent too. This is because each country has different regions, dialects, religions, traditions, and lifestyles that contribute to their unique cultures [54] [71].

The improving economy and the rapid opening of various markets in Asia have led to the emergence of a group of wealthy consumers who are eager to follow the latest fashion trends. Many international brands consider Asia as the main sales region with an emerging economy and an improvement in the personal financial situation of Asian consumers.

According to experts, the main reason why the democratization of luxury has proven itself so well in Asia is the growing number of wealthy Asian consumers with growing disposable income [46]. With the opening up of markets in developing countries and increased awareness of global luxury brands as a result of increased opportunities for international travel, there is huge potential for growth in the luxury sector.

Thomas Crampton's article "Evolution of Asia's Luxury Obsession" shows the following graph, which was developed by the research firm Ipsos [26]. It presents a look at the possible promotion of luxury brands in Asia. In this case, Japan perceives luxury items as something 'everyday', as opposed to the original semantic definition of luxury items – something unusual, exclusive, and rare [35].

While South Korea is at the stage of ‘adaptation’, and China is at the stage of simply ‘owning’ expensive things.

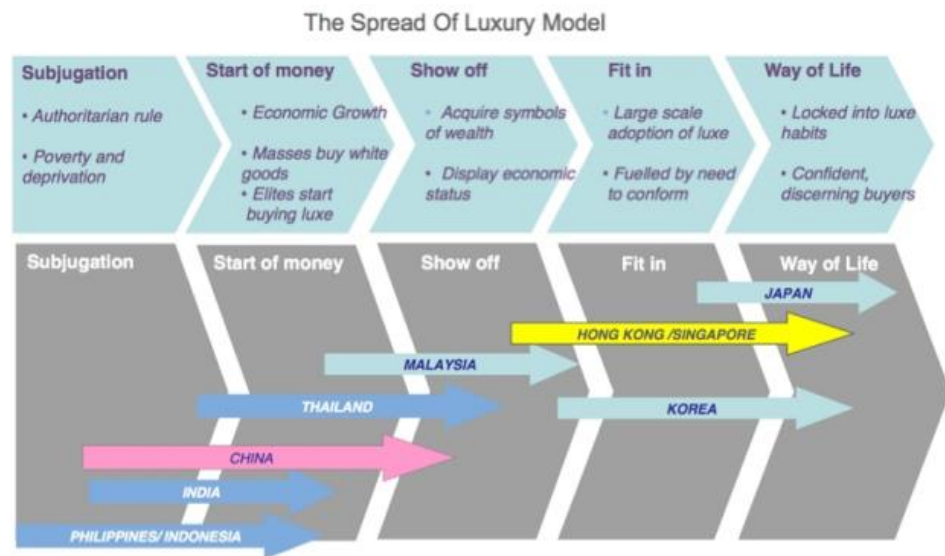


Figure 2.1 – The Spread of Luxury Model

Further, it is necessary to consider in detail each of the selected markets, their economic characteristics and attitudes to the consumption of luxury items.

- Japan

In the history of the Japanese economy, there were several periods of recession in the period from the beginning of 2000 to 2020. This has had a noticeable effect on the luxury goods market [24].

Today, Japan’s economy is a highly developed social market economy. This is the third largest indicator of nominal Gross Domestic Product (GDP) in the world and the fourth largest in terms of Purchasing Power Parity (PPP) [102]. It is the second largest developed economy in the world. Now Japan is one of the leading markets for luxury goods in the world and ranks 3rd worldwide [85].

In Japan, the social structure is based on Confucianism and emphasizes hierarchy and respect for authority. The society is divided into social classes based on education, occupation, and income. However, there are also informal social stratifications based on age, gender, and family background. In addition, in Japan, there are distinct cultural differences between regions such as Okinawa and

Hokkaido, as well as varied religious beliefs such as Shintoism and Buddhism [54] [71].

In the Mooij study, it was shown that Japanese consumers had the highest level of uncertainty avoidance when analyzing acceptance rates of Japanese, Chinese, South Korean and American consumers [56] [57]. This means that the introduction of new ideas and products takes a long time, but the need for compliance leads to rapid dissemination as soon as opinion leaders begin to take the initiative. Thus, the behavior of Japanese people when buying luxury goods largely depends on the tendency to conformism, which allows consumers of luxury goods to fit into their group [18].

Two characteristic features of Japanese luxury goods consumers are that they are very sensitive to the quality of goods and have a refined taste for luxury goods.

It's also worth mentioning, in the current post-teen era, that digital touchpoints are beginning to play an important role in the travels of Japanese luxury consumers. Especially with the strengthening of the role of the millennial generation, which seizes power over a part of the population [24]. Brand websites are currently among the top five points of contact, and every third consumer uses them, which is still far below the level of accessibility of department stores [24]. Instagram Facebook or Snapchat, in addition to brand websites, brand-curated social networks, such as Instagram, Facebook or Snapchat, are actively developing compared to last year. The increasing role of digital technology emphasizes generational change, as well as changes in habits. However, with a penetration of only 7%, online sales of luxury goods are less developed than in many other markets, reflecting the lack of digital literacy when buying luxury goods, the lack of Japanese in the online stores of some luxury brands and the limited online presence of key local players such as department stores.

- South Korea

As South Korea's economy flourished after the 1997-1998 Asian financial crisis, its luxury goods market had great potential [14]. South Korea is currently at the stage of 'adaptation' and is moving to the final stage of 'lifestyle' [76].

The economy of South Korea is a highly developed mixed economy. By nominal GDP, it ranks the 4th largest economy in Asia and the 12th largest in the world [103]. South Korea is notable for its rapid economic development, which in a few generations has turned from an underdeveloped country into a developed country with a high level of income. South Korea remains one of the fastest growing developed countries in the world after the Great Recession and the COVID-19 epidemic.

South Korea's total spending on personal luxury goods increased by about 24% year-on-year to \$16.8 billion, which is \$325 per capita.

In South Korea, the social structure is also hierarchical, but more emphasis is placed on education and academic achievement. The society is heavily influenced by Confucianism, which emphasizes moral values, family loyalty, and respect for elders. Like in Japan, South Korea also has informal social hierarchies based on age, family background, and region of origin. In South Korea, cultural differences can be found between the capital city of Seoul and the rural areas, as well as between the older and younger generations [54] [71].

Morgan Stanley analysts explained that the demand for luxury goods among South Korean buyers is due to both an increase in purchasing power and a desire to externally demonstrate social status [105].

In South Korea, young consumers are likely to be more focused on global luxury brands as their purchasing power increases and as they are significantly more influenced by Western culture than their older peers. In South Korea, consumers in their twenties are rapidly replacing middle-aged consumers as the main consumers of luxury goods. Therefore, luxury goods are now intended not only for the older and wealthier generation. Website koreabizwire.com says that: "Shinsegae Department Store reported that buyers aged 20- and 30-years account for 10.9% and 39.8% of the total consumption of luxury goods, respectively" [10] [11]. Lotte department store also reported that the age groups from 20 to 40 years account for 46% of all consumption of luxury goods, an increase from 38.1% in 2018 [44]. This is a sign for retailers, because, compared to older shoppers, young

people tend to spend more money – their disposable income is spent on luxury clothing and accessories.

In a cross-cultural study of consumer behavior in South Korea and China, it was found that South Korean participants have the highest brand loyalty [45]. They believed that certain brands provide them with the appropriate social status or prestigious images that have functionality and quality of performance at the same time.

In addition, Korean consumers believed that brands corresponded to their empirical motives. For South Korean consumers loyal to the brand, a social image with a guarantee of impeccable quality was a very important feature of branded products.

Another feature of the South Korean consumer that was different from other Asian countries was that they still have some clash of values. Public criticism is directed against the demonstrative consumption of luxury goods, especially imported goods. In addition, some media outlets point the finger at the widening gap between the poor and the rich [15]. There is still nationalism and ethnocentrism that criticize ostentatious spending. However, this trend seems to have been less pronounced among younger consumers. The younger the consumers were, the more open they were to imported luxury goods [47].

South Korean consumers view global luxury brands as symbols of prosperity and social status. Therefore, they attach great importance to wearing luxury items as a way of expressing their social status and wealth. Moreover, they correlate the names of imported brands and higher prices with excellent quality, so they usually pay close attention to the country of origin and price when assessing the quality and making decisions about the purchase of garments.

Vogue Business magazine reports that South Korea has now become a luxury hub and the focus of luxury retail [68]. South Korea's growing prosperity, public interest in luxury brands and appearance, and the country's excellent internet connection make it an ideal place to market luxury brands.

- China

China has an above-average income, developing a mixed socialist market economy that includes industrial policy and strategic five-year plans. It is the second largest economy in the world by nominal GDP after the United States and the largest economy in the world since 2016, measured by Purchasing Power Parity. In 2022, China accounted for 18.6% of the global economy in terms of PPP.

According to Bain, mainland China's share of the global luxury goods market has grown to about 21% in 2021, up from about 20% in 2020 [6].

The increase in luxury goods sales comes despite a general decline in retail sales in China since the beginning of the COVID-19 pandemic in 2020. The data also reflects the growth of China's domestic market as a destination for international brands.

Chinese consumers are spending more on luxury goods at home, even if they cannot easily travel abroad due to the restrictions associated with the pandemic, according to an annual report by the consulting company Bain & Company about the luxury sector [6].

In China, the social structure is complex and influenced by Confucianism, Daoism or Taoism, and other cultural and historical factors. There are four main social classes: the upper class, the middle class, the working class, and the lower class. However, social mobility is limited, and informal social hierarchies based on family background, education, and political connections also exist. In China, there are diverse ethnic groups and dialects that create a complex and heterogeneous cultural landscape [54] [71].

Although China seems to be a nation with a single race (more than 90 percent of its population are Han ethnic group), within this one group there is a variety of customs that dictate tastes, likes and dislikes. Therefore, it is necessary to take this diversity into account when planning a marketing strategy in China.

According to Chadha R. and Husband P. [15], China is at the stage of 'showing off'. At this stage, people begin to acquire symbols of wealth and demonstrate them with the help of 'status markers', such as a Louis Vuitton

handbag with a visible LV logo or an expensive car.

Status markers can tell others that the owner came from a respectable family with a decent income, and this explains the owner's belonging to a certain stratum of society.

In general, the Chinese luxury goods market is still in its infancy and differs from developed markets. In China, the consumption of luxury goods largely depends on the product. This means that Chinese consumers are looking for the latest collection or the latest products, not internal quality. Schütte H. explained that in China, the standards by which achievements should be evaluated are determined by other people, not by the person himself [36]. Moreover, Chinese consumers use brands as an indicator of product functionality to a greater extent than US consumers. In the early 1980s, the luxury market in China almost did not exist [58]. In 1992, the first Louis Vuitton store opened in China at the Palace Hotel in Beijing. Unlike the rest of the world, the early stages of the development of the Chinese luxury market were mostly dominated by men.

About 90 percent of sales were made by men, and these were products aimed at men. They bought Givenchy suits, briefcases and wallets from Louis Vuitton and Dunhill. Over time, the luxury customer base has expanded, and it turned out that the market is sufficiently developed to support the development of a luxury business. By 2004, women accounted for 40 percent of luxury goods sales in China, up from just 10 percent in the 1990s [58].

Chinese consumers, according to Mooij, have the lowest level of uncertainty avoidance [56]. This means that Chinese consumers are the least cautious about new products and innovate faster than Japanese, South Korean, and American consumers. Schütte H. also explained that in China, those who most want to try new products are young, educated and wealthy consumers [36]. The rapid growth of the Chinese economy has created a group of newly rich people who have accumulated huge fortunes in just a couple of decades.

To sum up the results of this sub-chapter, the following conclusions are obtained regarding the characteristics of consumers behaviour of selected Asian

markets: Japan, South Korea, and China. To do this, a Table 2 was made that presents the main characteristics of consumers in the following categories of factors: personal factors, factors of cultural perception, social factors, and psychological factors (APPENDIX A).

Personality factors include information about age group and gender. Factors of cultural perception include information about the formed culture in the place of residence. Social factors include information about religion, reference groups (i.e., belonging to a social group), roles and statuses of a person. Psychological factors include information about motivation, perception, persuasion and attitude of consumers of luxury goods.

From the analysed information, it can be concluded that the portraits of consumers of luxury brands in the selected countries differ from each other, although they belong to the same type of culture. The analysis shows that the luxury business is thriving in Asian markets thanks to Asian culture and its consumer behaviour. As the economy and society in some Asian countries have changed significantly, a new way of designating or expressing one's social status and wealth has emerged in Asian culture. Furthermore, globalization and the influx of immigrants have brought in new elements to the cultures of these countries, adding to their heterogeneity. Therefore, while these countries may share some cultural similarities, it is important to recognize and celebrate the diversity within their cultures. Overall, while these countries share some similarities in their social structures, each has distinct characteristics shaped by historical, cultural, and economic factors.

Therefore, Asian consumers are often loyal to the brand and pay more attention to the overall reputation of the brand, which has a prestigious image, rather than the internal quality of the product. However, Japanese consumers are more sensitive to product quality than Chinese and South Korean consumers. These different consumer characteristics are indicators that consumers in these three countries are at different stages of consumption of luxury goods. Japanese consumers are in the mature stage of luxury goods consumption, so that luxury

goods consumption has become part of their lifestyle, while South Korean and Chinese consumers are in the middle of transitioning to this stage.

Summarizing the second chapter of the study, the following conclusions can be drawn. Consumer behavior is a complex and interdisciplinary science, the study of which can be approached from different perspectives. In marketing, understanding consumer behavior is of high value. Luxury brands in Western and Asian markets have notable differences in consumer behavior. In Western markets, luxury brands are often associated with exclusivity, and consumers tend to purchase luxury goods as a way not only to showcase their wealth and social status, but also for getting pleasure. Western luxury consumers are generally more individualistic and value self-expression. They also tend to be more skeptical of branded products and are more likely to research before making a purchase. In contrast, Asian markets are characterized by a more collectivistic culture where social norms and expectations are key drivers of consumer behavior. Asian consumers tend to value the reputation and heritage of luxury brands and are more likely to seek out well-known brands with a strong reputation. They also tend to be more brand conscious and are willing to pay a premium for luxury goods. In recent years, the emergence of the middle class in Asia has expanded the luxury market, with consumers increasingly interested in luxury experiences, rather than simply owning luxury goods.

Another notable difference between Western and Asian luxury consumers is the mode of purchase. In Western markets, luxury brands are primarily purchased online or in-store, whereas in Asia, there is a stronger emphasis on social e-commerce, in which consumers make purchases through social media platforms such as WeChat or Line.

In terms of characteristics of consumer behavior Japan, South Korea, and China are heterogeneous countries, therefore have diverse historical backgrounds, ethnicities, languages, religions, and social customs that make them unique. Even though they are located in East Asia and share some similarities, such as Confucianism and collectivism, they have distinct cultural and social identities.

In Japan, consumers of luxury items – woman in the age groups from 20 to 60 years. The quality of things is the most important factor, rather than the brand itself. Japanese consumers prefer the classic luxury and, as a rule, buy famous brands with heritage and history.

South Korean Millennials – growing segment of consumers of luxury goods, as they go to work and have more disposable income. In South Korea usually consumers are loyal and ready to Western luxury brands, and also appreciate the status and prestige associated with the luxury brands. For them, the important factor is to show your social status and wealth.

In China, also fast-growing segment of consumers of luxury brands are representatives of the age of 40, people of generation Y and Z. Chinese consumers tend to focus on the names of the brands, not the quality of the goods. Chinese buyers appreciate luxury as a symbol of status and wealth, often buying them as gifts on special occasions. Ostentatious demonstration of social status is also important.

3 Analysis of aspects of consumer value formation

In the most generalized form, customer or consumer value is the ratio of functional “and” or “or” symbolic benefits from the product and various costs associated with their receipt by the client.

To date, the availability of a variety of material resources, the availability of sufficient capital, the advantageous geographical location of the company – all these, for all their importance, do not serve as sufficiently unique sources of competitive advantages. The same applies to the optimal price-quality ratio for the modern majority of consumers. According to Porter M., competitive advantage is based on the value that a company creates and which determines the value that consumers are willing to pay for [75].

Changing consumer behavior entails the need to realize the potential of consumer value.

Perceived Value indicates how much a customer is willing to pay for a product or service. This is determined by the ability of a product or service to meet the needs of customers and arouse desire, especially in comparison with competitors.

Customer or consumer value is a key concept that businesses need to understand in order to succeed. It is not just about offering a great product or service; it is about providing something that the customer perceives as valuable enough to justify the cost.

Customer or Consumer Perceived Value (CPV) is a concept widely used in marketing and branding circles [75]. The value perceived by the consumer is the idea that the success of a product or service depends largely on whether customers believe that they can satisfy their desires and needs. In other words, when a company develops its brand and brings its products to market, customers ultimately determine how to interpret and respond to marketing messages. Companies spend considerable time studying the market to get an idea of what customers think and feel.

The formation of Consumer Value Perception is crucial in the marketing strategies of luxury brands for the following reasons:

- Differentiation

Luxury brands are often associated with high prices and exclusivity. Customers pay a premium price for luxury goods and expect more than just a product or service. By creating and highlighting the value perception of their products, luxury brands can differentiate themselves from competitors in the market.

- Brand loyalty

By creating a positive value perception among their customers, luxury brands can cultivate and maintain brand loyalty. Customers who perceive the value in a luxury brand's offerings are more likely to become repeat customers and brand advocates.

- Sales

A strong value perception of luxury brands can drive sales. Customers are more willing to pay a higher price for products they perceive as having value. Effective marketing strategies that highlight the value of a luxury brand can lead to increased sales and revenue.

- Reputation

Luxury brands rely on their reputation and image. A strong value perception can enhance a luxury brand's reputation in the marketplace. This, in turn, can lead to increased brand recognition and perceived status.

3.1 Key elements of consumer value in the strategy of luxury brands

Further, it is necessary to consider the existing classifications of consumer value and determine the list of values created by luxury brands for consumers.

The first to be considered is the classification of consumer value, which is proposed by American authors Sheth, J.N., Newman, B.I., and Gross, B.L. [82]. In this classification, five value systems are distinguished, which correspond to five types of consumers, the consumer chooses a product or service in accordance with how they correspond to his value system (Figure 3.1).

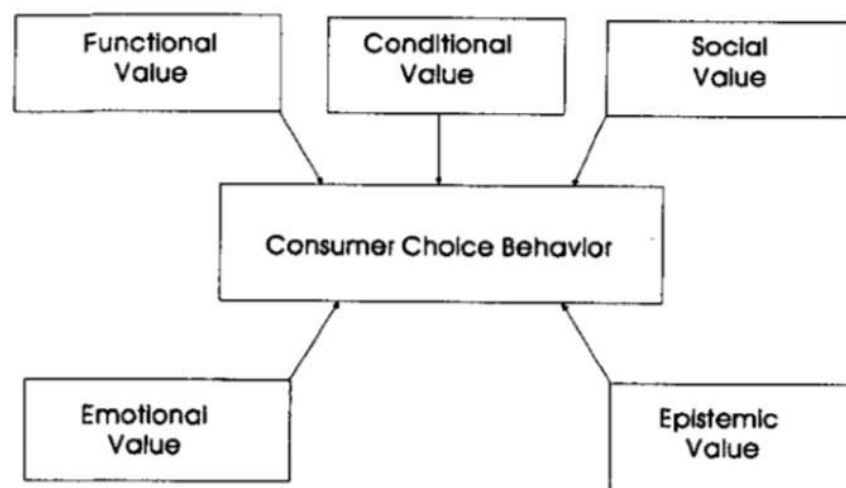


Figure 3.1 – Model of consumption Values by Sheth, J.N., Newman, B.I., & Gross B.L.

- Functional value is the benefit that is acquired based on the capabilities of a particular product, functional, utilitarian or its physical qualities. This value is determined by the characteristics of the choice.
- Conditional value is the value by which the perceived benefit is understood, which is acquired as a result of a special situation or specific circumstances under which the choice is made. A product or service has this value in the presence of certain physical or social conditions that increase the importance of the alternative. This value is determined by the conditions of choice.

- Social value is the benefit that is acquired by associating a product with one or more social groups. Social value is achieved through a sense of belonging to certain demographic, socio-economic, as well as cultural and ethnic groups. This value is determined through choice.
- Emotional value is the value that is determined by the perceived benefits that are acquired due to the ability of the product to evoke feelings or a certain emotional response. Customers feel that they can express themselves or improve their well-being with this product or service. This value is determined based on the cognitive state caused by a product.
- Epistemic value is the perceived usefulness of a good, due to its ability to arouse curiosity, learn novelty and satisfy the desire for knowledge. This value is determined due to the association of objects in relation to curiosity, novelty and knowledge.

The second classification of consumer value was developed in accordance with the formation of value from the consumer's point of view (Figure 3.2). According to Wiedmann K.-P., Hennigs N. and Siebels A., values explain why consumers buy a particular product [100]. There are various values that influence the consumer's choice. The motives that encourage the purchase of luxury brand products are not only related to social aspects and the desire to show their position in society and material well-being, but also depend on the financial, functional and individual benefits of the brand for the client.

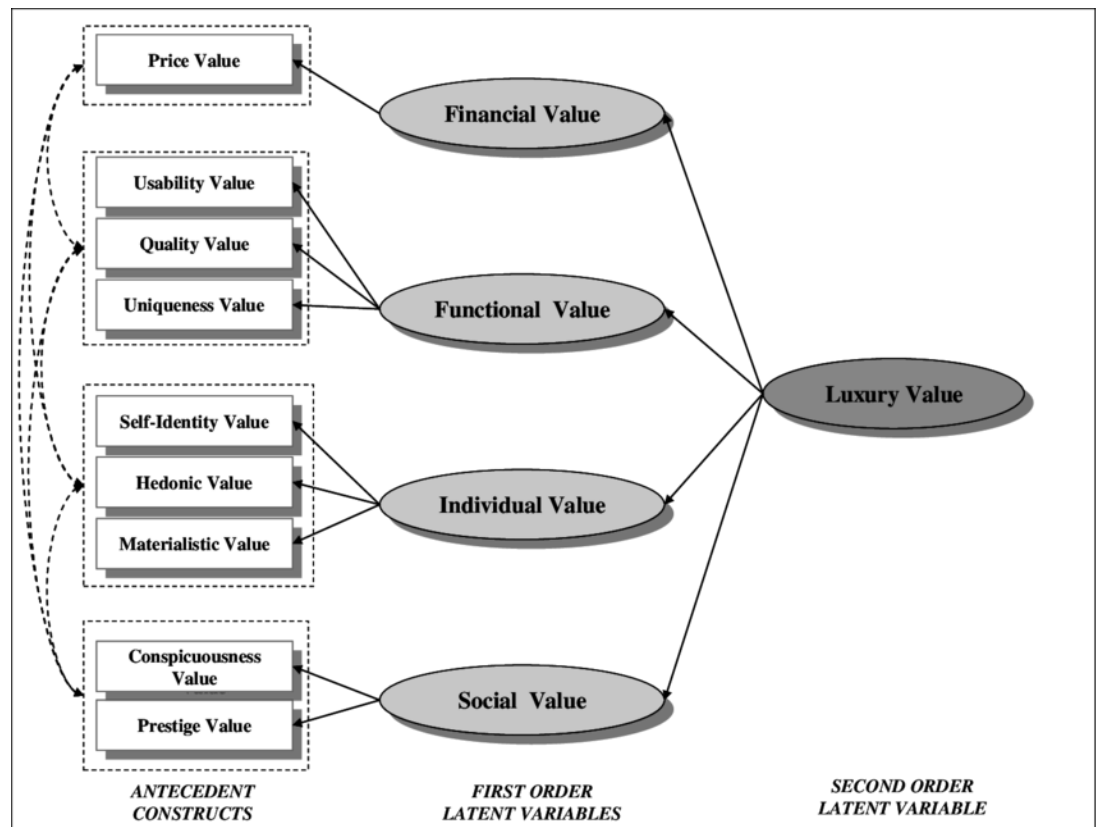


Figure 3.2 – The Conceptual Model of Measuring Consumers' Luxury Value Perception by Wiedmann K.-P., Hennigs N. & Siebels A.

Wiedmann K.-P., Hennigs N., and Siebels A. identified the following value systems [100]:

- Financial values – the financial aspect refers to the monetary component, such as, for example, price, discount.
- Functional values – the functional aspect is associated with practical benefits, such as quality, reliability, practicality.
- Individual values – with personality traits, with hedonism, self-identification, materialism.
- Social values – considers the benefits of an individual's consumption of goods in the context of his social group, for example, the buyer's desire to show his belonging to an environment significant to him through luxury material artifacts.

Further, we will consider each of the values according to Wiedmann K.-P., Hennigs N., and Siebels A [100].

The price value is associated with the expectation of high-quality goods. Consumers, for whom social status plays an important role, perceive prices as indicators of prestige. In this case, high prices signaling quality and status will be more desirable.

The usability value is related to the satisfaction of requests and the performance of certain functions. The consumer expects that the product will serve reliably and for a long time, as well as look properly. These expectations are reinforced when it comes to luxury brand products.

One of the reasons why consumers buy luxury brand products is high quality. High quality is a complex characteristic, and its perception can be subjective. It can be expressed in the use of materials that are safe for health, in manual labor, which in some cases is related to the higher quality of the goods produced. The quality value contributes to the increase of functional value in general.

As for the value of uniqueness, then, as a rule, a sense of exclusivity and rarity can cause a consumer to desire to own a product of a particular brand. The more unique and unusual the brand, the more valuable it will be for the client.

The self-identity value is related to how a person perceives himself. A consumer can use luxury brand products because they express his personality or even help him create the personality he would like to match.

The hedonic value deals with the creation of sensual pleasures covering different channels of perception: visual, tactile, olfactory, gustatory (in value propositions related to food). As a rule, in the case of luxury brands, several perception channels are involved at once. They are able to awaken in consumers a strong emotional response and pleasure caused, for example, by visual aesthetics and tactile contact. Suits from Italian luxury brands, sewn from high-quality fabrics that are comfortable to the touch, give a person who is sensitive to tactile pleasure.

The materialistic value is related to the degree of importance of possessing certain material goods for the consumer. So-called materialistic consumers tend to

make purchases that play a significant role in their lives. For them, the possession of things is a signal and a source of communication with other people through the transmission of information through these things about who they are and what position they occupy in society. Their lack of any thing that is in their significant environment can cause them emotional discomfort. For materialists, goods for public consumption are mainly important, because communications can be built around them.

To some extent, the conspicuousness value intersects with the materialistic value, which correlates with the consumption of luxury brand goods in public places: the materialistic value is associated with an individual's inner desire to consume material goods and build communications around them, and the demonstrative value is more with signals to the outside world and communicating information about his social status to him.

The prestige value in the context of social groups is related to the desire or need of people to own a luxury brand product as an indicator of belonging to a certain social group. This effect of unity with a significant group can force an individual to conform to the lifestyle of high society and distinguish himself from those who do not conform to it. In the case of the self-identification value mentioned above, a person expresses his individuality with the help of luxury brand products, and with the help of the prestige value in the context of social groups tries to adjust to the environment that is significant to him, merge with it, and not always this 'adjustment' and the desire to be like the environment correspond to the individual's self-identification.

The third classification of consumer value was developed in terms of the values created by brands for consumers. According to Smith J.B. and Colgate M., values are divided into [84]:

- Functional or instrumental value;
- Hedonic or experiential value;
- Symbolic or expressive value;

- Cost or sacrifice value.

The first three values were discussed above on the example of the works of Wiedmann K.-P., Hennigs N., and Siebels A. [100] and Sheth, J.N., Newman, B.I., Gross B.L [82]. Functional value, which is associated with high quality, craftsmanship, fine and skillful work, is taken for granted, but is still recognized as very important. Hedonistic, or empirical, value is associated with the creation of appropriate sensations, experiences, feelings and emotions for the consumer, and this can be both the creation of sensory value that we can feel through sight, hearing, smell, tactile and taste receptors, and the value expressed by emotions (admiration, joy, happiness, satisfaction, etc.). Symbolic value is associated with the desire to express their individuality, values and tastes, as well as in certain cases to show material wealth and social status.

The value of costs, or the value of sacrifice, which is associated with minimizing costs, in the case of luxury brands appeals more to the so-called psychological costs, which may include stress, uncertainty, conflicts, discomfort from switching to another brand. Accordingly, the value of costs in relation to luxury brands can be expressed in the confidence that the purchased product is of high quality and will not harm health, in the absence of emotional stress from the fact that the product may fail at the wrong moment, for example, the heel of new shoes will suddenly break at an important event or decorative cosmetics will not meet expectations and makeup will look wrong as I would like. Also, as a rule, at the points of sale of luxury brands, the staff is polite and tactful, and the likelihood of a conflict between the consultant and the buyer is minimal.

Considering all three author's classifications of values, it is possible to designate intersections. Each of the three author's classifications has a functional value, and Wiedmann K.-P., Hennigs N., and Siebels A. made an attempt to concretize it by highlighting three constituent elements [100]. Emotional value according to Sheth, J.N., Newman, B.I. and Gross B.L [82] correspond to the values of self-identification, hedonistic and materialistic values. Given the variety of emotional experiences associated with the consumption of luxury brands, it is

advisable to consider the emotional value in the context of the designated Wiedmann K.-P. and other constituent elements [100]. Social or symbolic values coincide with the demonstrative value and the value of prestige in the context of social groups, because they are aimed at the outside world – people whose opinion is valued by the consumer of luxury brands and whose attention he would like to attract, and therefore these two values can be combined under the name “social”. Cost value and cost value have a similar meaning.

Therefore, it is possible to designate the following list of values created by luxury brands for consumers:

- Functional value;
- Value of self-identification;
- Hedonistic value;
- Materialistic value;
- Social value;
- Experiential value;
- Conditional value;
- Cost value.

This list of consumer values leads to the conclusion that consumer value has different properties and is individual for each specific consumer. All these values are independent of each other and have different degrees of influence, that is, one or another value can influence decision-making more than others in different circumstances and situations.

The modern buyer of luxury brands, following the trend of conscious consumption, demands something intangible, meaningful and sincere from brands. He needs more than just a luxury brand product.

Premium brands take the perception of value to another level, adding prestige. The value of luxury goods has little to do with their usefulness. Brands play the exclusivity card and enter with the trump cards of the elitism of their products.

3.2 The experience of Western luxury brands in adapting marketing strategies in Asian markets

The success of luxury brands entering Asian markets requires careful consideration of marketing strategies and their adaptation to local realities.

According to statistics, today, the most successful Western luxury brands in Asia in the selected markets of Japan, South Korea and China are such brands as Louis Vuitton, Dior and Chanel [30] [32] [88]. These three brands satisfy the criterion of ‘Location’ in Table 1 (APPENDIX A), so they will be further considered from the point of view of 4P, as well as real cases of use, adaptation and implementation of marketing strategies used by these luxury brands in selected markets.

Then, first consider the Louis Vuitton in Japan, South Korea, and China.

Louis Vuitton is the most valuable luxury brand in the world and a division of LVMH. Its products include leather goods, bags, chests, shoes, watches, jewelry and accessories. Most of them are decorated with the LV monogram [22]. It is one of the most profitable brands in the world with profitability approaching 40%. In 2023, with a valuation of \$500 billion, LVMH became the most valuable company in Europe.

According to the analysis of the Marketing Mix (4P), the following characteristics of the Louis Vuitton brand can be distinguished (Table 3.1).

<p style="text-align: center;">Product</p> <ul style="list-style-type: none"> • manufactures and sells specialized products, focusing on premium quality • special attention to design development and manufacturing • to combat the counterfeit goods market, the company has put a lot of effort into the design itself, and therefore it is not easy to imitate its products • the company's range of luxury goods includes a wide range of glasses, briefcases, scarves, belts, and purses 	<p style="text-align: center;">Price</p> <ul style="list-style-type: none"> • the modern product design has helped the company maintain a premium pricing policy • does not offer a sale period or discounts • adheres to a pricing policy based on value
<p style="text-align: center;">Promotion</p> <ul style="list-style-type: none"> • use the strategy of promoting his products through cooperation with celebrities, for example, with famous actors as brand ambassadors, like Jennifer Lopez, Kate Moss, Scarlett Johansson, etc. • holding special events attended mainly by elite society, and by associating with these events, the company established a direct connection with the target audience • most of the advertising revolves around celebrities, and this is done in order to create an emotional connection with the consumer • actively uses Facebook and Instagram to promote and attract customers – has 24 million subscribers on Facebook and 53.1 million followers on Instagram. 	<p style="text-align: center;">Place</p> <ul style="list-style-type: none"> • the products are highly exclusive and are sold with the same intention to ensure exceptional accessibility – in order to purchase Louis Vuitton goods, the buyer must contact its personalized stores • exclusive sale of goods through its stores: store design combined with service – sellers are professionals with sharp thinking, striving to work with customers in an intimate and warm environment • has opened its stores in different parts of the globe, and they have at least three hundred retail outlets – this includes stores in Los Angeles, Dubai, Las Vegas, New York, Paris, and Tokyo

Table 3.1 – Marketing Mix of Louis Vuitton

- Louis Vuitton in Japan

According to the 2019 luxury Goods Worldwide Market Study, Japan is the world's third-largest luxury goods market, and the demand for luxury goods continues to grow [6]. In 2018, Louis Vuitton's revenue in Japan increased by 15%, making it the brand's fastest-growing market.

In Japan, Louis Vuitton, in addition to opening flagship stores in Tokyo and other major Japanese cities, as well as using celebrity support, social media campaigns and exclusive events to increase brand awareness and maintain a loyal customer base, uses strategies to adapt the cultural characteristics of the market. The brand uses Japanese symbols to attract Japanese buyers. This allows the brand to create a unique experience for consumers who feel more connected to the brand.

One of the key marketing strategies used by Louis Vuitton in the Japanese market is product customization. In recent years, the brand has released several limited-edition collections that are available exclusively in Japan, taking into account the specific tastes and preferences of Japanese consumers. For example, starting in 2002, Louis Vuitton began a collaboration with Japanese artist Takashi Murakami. The collaborations of the French fashion house Louis Vuitton and Japanese artist Takashi Murakami have become one of the longest in the history of the brand [40] [64]. Many collections have been created together, but the Multicolor Monogram and Cherry Blossom Collection are considered to be among the most popular. They reflect Japanese traditions and cultural heritage. For 12 years, bags and accessories with a Multicolor Monogram from Murakami presented in Illustration 3.1 and Illustration 3.2 have not lost their popularity.



Illustration 3.1 – LV x Takashi Murakami: Monogram Multicolore Speedy City Bag



Illustration 3.2 – LV x Takashi Murakami: Cherry Blossom Collection

Another key marketing strategy used by the brand is collaboration with Japanese artists and designers. For example, in 2019 and 2023, Louis Vuitton, together with Japanese artist Yayoi Kusama, released a collection of bags and accessories with her signature polka dot pattern which presented in Illustration 3.3 [51] [68]. This collection was also well received by Japanese consumers, and according to reports, it contributed to the growth of Louis Vuitton sales in the country.



Illustration 3.3 – LV x Yayoi Kusama Collaboration ‘Infinity Dots’

Louis Vuitton’s marketing strategies in Japan are that they have created a sense of exclusivity and loyalty among Japanese consumers, which leads to increased sales and brand awareness. Collaboration with Japanese artists and designers helps the brand to build strong partnerships with local communities and audiences, strengthening the image and reputation of its brand.

- Louis Vuitton in Korea

According to Statista, in 2019, the revenue of Louis Vuitton in South Korea has approximately 1.1 trillion South Korean won (around 928 million US dollars) [87].

Louis Vuitton has implemented a unique marketing strategy in Korea to increase its brand awareness and attract more customers. One of the most effective strategies used by the brand is collaboration and cooperation with famous artists and people.

For example, in 2022, Louis Vuitton collaborated for the third time with the famous South Korean artist Park Seo-bo [52]. In 2022, Louis Vuitton released a limited-edition bag using traditional Korean manufacturing techniques. The ArtyCapucines collection is a joint project of Louis Vuitton and six world-famous contemporary artists, which reflects their artistic world with the iconic Louis Vuitton Capucines bag [108]. Park is the first Korean artist to take part in the project. This work was presented in the pop-up store of the brand in Korea at Louis Vuitton

Maison Seoul. This presented in Illustration 3.4.



Illustration 3.4 – LV’s ArtyCapucines handbags on display at southern Seoul’s Louis Vuitton Maison Seoul

Also speaking about the strategy of cooperation with famous people, in 2021 the brand announced a collaboration with the world-famous BTS group and announced as the world brand ambassador Jung Ho-seok (J-Hope) [78]. Louis Vuitton stated “He is loved by fans around the world for his energy, precise choreography and creative musical direction. With a positive presence on and off stage, J-Hope continues to push artistic boundaries and inspire an international audience” [28].

These strategies have strengthened the brand’s connection with Korean culture and helped Louis Vuitton gain a firm foothold in the Korean luxury goods market.

- Louis Vuitton in China

Louis Vuitton has been performing strongly in China in recent years, with China being the brand’s fastest-growing market. In 2019, Louis Vuitton sales in China grew by 20% and accounted for more than a third of the company’s global revenue [58]. LVMH said its fashion and leather goods business group sales by 18

percent in the first quarter of 2023 on an organic basis to \$10.73 billion. The group's total sales grow 17 percent to \$21 billion, beating the consensus of 9 percent.

In China, Louis Vuitton is targeting the younger generation by using social media platforms such as WeChat and Weibo, in addition to traditional forms of advertising, such as opening stores across the country that target a wide variety of consumer demographics [29] [90]. One of the most successful campaigns was the launch of a mini-program in WeChat called "LV Time Capsule", which provided users with access to exclusive content and virtual tours of the history of the brand and its products [97].

This strategy has helped Louis Vuitton reach a younger audience who are more likely to interact with the brand through digital platforms. By providing high-quality content and a unique experience, Louis Vuitton has won loyal Chinese consumers who are willing to pay more for its products.

Then, Dior in Japan, South Korea, and China will be considered.

Christian Dior SE is a French company founded by designer Christian Dior and entrepreneur Marcel Boussac, as an haute couture atelier, in 1946 [3]. In 1984, it was bought by entrepreneur Bernard Arnault. The modern Christian Dior SE company is essentially a nominal one, through which the Arnaud family group exercises control over its stake in LVMH, the world's largest luxury goods manufacturer. LVMH, among other assets, owns the haute couture house Christian Dior.

According to the analysis of Marketing Mix (4P), the following characteristics of the Dior brand can be distinguished (Table 3.2).

<p style="text-align: center;">Product</p> <ul style="list-style-type: none"> • combines luxury craftsmanship, rich heritage and a full package of luxury services in production and sale • offers a wide range of fashion products, including clothing, accessories, cosmetics, skin care products, designer jewelry and watches • because Dior is focused on customers who appreciate uniqueness, the brand retains exclusivity by expanding its product line 	<p style="text-align: center;">Price</p> <ul style="list-style-type: none"> • applies a premium pricing strategy for all its products • despite the establishment of a premium pricing strategy for all its products, prices vary depending on the geographical region – for example, Dior products in the United States are much more expensive than in Europe and Singapore
<p style="text-align: center;">Promotion</p> <ul style="list-style-type: none"> • maintains exclusivity, avoiding sales promotion • the advertising strategy is specifically targeted at a niche audience – emotionally attracts high-class buyers, seeking to connect with customers on a deep emotional level • the complex of advertising activities includes advertising in highly specialized high-class fashion magazines, celebrity support, website and social media marketing • celebrities advertise Dior products at various fashion shows (i.e., collaboration with Monica Bellucci), and the website offers customers the most successful implementation of its offline marketing strategies in the marketing strategy of social networks – Instagram page has 44 million subscribers and is full of aesthetically pleasing images of models that adorn Dior 	<p style="text-align: center;">Place</p> <ul style="list-style-type: none"> • adheres to an exclusive distribution strategy that fits well with the brand's product and pricing strategy • distributes products only through branded boutiques – currently Dior has 210 stores worldwide • Dior does not sell products through its official website, but has allowed third-party websites to maintain an online Christian Dior boutique that features a limited range of products (retailers are only allowed to sell licensed Dior products) • launched a social sales initiative, offering WeChat users the opportunity to directly purchase a limited-edition Dior handbag by mail

Table 3.2 – Marketing Mix of Dior

- Dior in Japan

Based on the company's financial reports from 2019, Dior's revenue in Japan €600 million was approximately \$671.5 million USD [20].

Dior uses collaboration and cooperation strategies with Japanese artists and designers as its marketing strategies to create collections that reflect Japanese culture and brand history. This allows the brand to create a unique experience for consumers who value history and culture.

For example, in a celebrity support strategy, Christian Dior hired popular Japanese celebrities such as Kiko Mizuhara and Ayame Goriki to promote their products on social media. This strategy has helped to increase brand awareness among the younger generation, which has led to a significant increase in sales revenue.

Also, the creation of an immersive Christian Dior exhibition. Designer of Dreams takes place at the Museum of Contemporary Art Tokyo Shohei Shigematsu, Partner of Office for Metropolitan Architecture (OMA), was responsible for the design of the exhibition [63]. His scenography is based on Japanese culture and traditions which presented on the Illustration 3.5. This is an exciting and diverse experience, more like a set: 22 curated themes are deployed in separate immersive halls. The show represents the 70th anniversary of the history and ties between the French fashion house and Japan.



Illustration 3.5 – Exhibition in Tokyo ‘Christian Dior: Designer of Dreams’

The use of local celebrities helps to increase brand awareness and trust among target consumers.

- Dior in South Korea

Based on the company’s financial reports from 2019, Dior’s revenue in South Korea was €400 million (approximately \$447.6 million USD) [20].

Christian Dior has implemented a multi-channel retail strategy by combining its online and offline stores to provide customers with a seamless shopping experience. This strategy allowed customers to browse and purchase products online and pick them up in the store, effectively closing the gap between physical and digital retail. Christian Dior has entered into a partnership with Shinsegae (a South Korean department store operator) to promote its brand and products in local markets [107]. This strategy has helped the brand reach a wider audience and increase sales.

To promote Dior products among the younger generation, a strategy of cooperation with famous artists was also used. As global brand ambassadors, such people as South Korean singer Kang Hae-rin from K-pop girl group NewJeans, South Korean singer Kim Ji-soo from K-pop girl group BlackPink [74], as well as the world-famous member of the BTS group Park Ji-min [79] were invited to cooperate.

The multi-channel strategy provides convenience for customers, which leads to increased customer satisfaction and loyalty. Partnerships with local retailers can help accelerate growth by leveraging existing retail channels.

- Dior in China

Based on the company's financial reports from 2019, Dior's revenue in China €720 million was approximately \$806 million USD [20].

Christian Dior used leading Chinese social media platforms such as Weibo, WeChat and Little Red Book (Xiaohongshu) to attract the attention of the country's young and affluent consumers [29] [38]. They launched a successful digital campaign featuring Chinese celebrities such as Angelababy, which helped to increase brand awareness and increase sales [59]. Also, Christian Dior has adapted its products and working conditions in stores in accordance with the preferences and cultural norms of Chinese consumers. Focusing on local tastes and preferences, they were able to create a unique corporate identity and stand out favorably from competitors.

Social media marketing is a cost-effective way to reach a wide audience and

target specific groups. Localization to local cultural norms, preferences and needs of Chinese consumers also remains important.

Completing the analysis, consider Chanel in Japan, South Korea, and China.

Chanel is a French company producing expensive fashion clothing, luxury perfumes and cosmetics, jewelry, and other luxury items. Founded by fashion designer Coco Chanel in Paris at the beginning of the XX century [16]. The company specializes in the production and trade of fashion clothing, perfumes and cosmetics, jewelry, mechanical wristwatches, sunglasses and frames for luxury eyeglasses. She owns 310 boutiques around the world. The company's financial indicators are not disclosed. According to the Internet resource [hoovers.com](https://www.hoovers.com), Chanel's annual turnover is about \$1.089 billion. The number of employees is 20 thousand (2018) [27].

According to the analysis of the Marketing Mix (4P), the following characteristics of the Chanel brand can be distinguished (Table 3.3).

<p>Product</p> <ul style="list-style-type: none"> • due to its high-quality products, creativity and excellence, it is considered synonymous with unsurpassed luxury and the highest level of craftsmanship • the product line includes ready-made clothing, leather goods, fashion accessories, glasses, perfumes, cosmetics, skin care products, jewelry, and watches • the brand is known for its haute couture collections, which it releases twice a year • has acquired a large number of specialized suppliers, which are collectively known as Métiers D’art 	<p>Price</p> <ul style="list-style-type: none"> • adheres to a premium pricing strategy for all its products • invests heavily in its employees, innovation, research, and development
<p>Promotion</p> <ul style="list-style-type: none"> • use both traditional and digital channels to promote its brand and products • in addition to fashion events and other methods such as magazines, sponsorship, brand ambassadors (Hollywood actress Penelope Cruz), the company also uses social networks and other digital channels to promote and attract customers • the company’s stores are located in leading fashion cities around the world The • excellent layout of stores and the quality of customer service are also among the key factors of brand loyalty and customer satisfaction • Facebook, Instagram, and YouTube are used by the brand to promote, educate and attract customers – Chanel has 23.6 million subscribers on Facebook and 47.5 million subscribers on Instagram 	<p>Place</p> <ul style="list-style-type: none"> • use branded stores as well as e-commerce channels to sell its products to customers around the world • 310 Chanel stores operate worldwide • in 2020, the company also demonstrated strong sales growth through online channels, which partially offset the decline caused by the pandemic • has perfume and cosmetics boutiques in the USA in California, Texas, and New Jersey • China is the second largest market after the United States for Chanel’s cosmetics business • Taken together, the United States, China and France account for a third of the company’s sales

Table 3.3 – Marketing Mix of Chanel

According to a report by Statista, in 2019, Channels revenue in Asia Pacific was approximately 10.04 billion euros [89]. It is not specified how much of this revenue was from South Korea, Japan, and China individually. Nevertheless, it is

known that these three countries are the largest markets for luxury brands and contribute significantly to Chanel's revenue in the region.

- Chanel in Japan

Chanel regularly releases new products in Japan to interest its customers in the brand. According to Statista, in 2020, the market value of luxury goods in Japan was estimated at about 215 billion Japanese yen, which makes this market attractive for Chanel to launch new products [86].

Chanel also used Japanese celebrities as brand ambassadors to promote its products. For example, in 2019, the popular Japanese actress Nana Komatsu was announced as the new ambassador of the Chanel perfume line 'Chance' in Japan [69]. This has helped Chanel expand its reach and attract more buyers.

By launching new products and using celebrity support, Chanel was able to create a buzz around its brand in Japan and attract more customers. This helped them maintain their position as the leading luxury brand in the country.

- Chanel in South Korea

South Korea is the fourth-largest luxury goods market, and Chanel is one of the top luxury brands in the country. In 2022, Chanel's revenue in South Korea increased by 30%, and the brand has seen significant growth in the younger consumer market [5].

Channel's marketing strategy in South Korea focuses on engaging with younger customers by hosting pop-up stores in trendy areas of Seoul, such as Garosu-gil and Myeon-gdong which presented in Illustration 3.6 [12], exclusive events, and collaborations with K-pop stars and Korean influencers. It includes six top stars currently active as brand ambassadors for Chanel': Chanel's eternal muse G-Dragon, 'Chanel Beauty' ambassador Lee Sung-kyung, 'Chanel Watches' ambassadors Gong Yoo and Kim Go-eun, 'Chanel Fragrance' ambassador Park Seo-joon, and the global ambassador for 'Chanel' and the spokesperson for the brand's signature 'Coco Crush' collection BlackPink's Kim Jennie [34].



Illustration 3.6 – Chanel’ pop-up store in Seoul

The brand also utilized social media platforms like KakaoTalk and Instagram to increase brand engagement [4]. Chanel also placed digital ads on popular Korean websites and mobile apps.

Chanel’s marketing strategy in South Korea has successfully attracted younger consumers and increased brand engagement. This allows the brand to create more trusting relationships with consumers and increase brand awareness.

- Chanel in China

Chanel has a strong digital marketing strategy in China, focusing on platforms such as WeChat and Tmall [95]. According to Statista, as of January 2021, China’s total population was more than 1.4 billion people, with more than 989 million Internet users [96]. Using digital marketing, Chanel was able to expand its reach in this huge market.

Chanel has adapted its marketing strategies to meet the specific preferences of Chinese buyers. For example, on Chanel’s 2010 Fall was released collection limited edition Paris-Shanghai clutch bag pays homage to the iconic China Doll which presented in Illustration 3.7. This helped Chanel to find a response from Chinese buyers and increase sales.



Illustration 3.7 – Chanel 2010 limited edition Paris-Shanghai China Doll clutch bag

The brand also tries to use marketing strategies of cooperation with celebrities. The luxury house successfully leveraged social exposure and its ambassadors: actress Zhou Xun and actress Zhou Yutong's celebrity power [65] [66].

By focusing on digital marketing and localization, Chanel was able to establish a strong brand presence in China and establish deeper contacts with customers.

Having studied and analyzed real cases of the implementation of marketing strategies of such Western luxury brands as Louis Vuitton, Dior and Chanel in three selected Asian markets, it can be concluded that these brands demonstrate differentiated approaches which mainly pay special attention to the following aspects which are also described in APPENDIX B.

1. Cultural sensitivity. These Western luxury brands show cultural sensitivity in their marketing strategies for Japan, South Korea, and China. They have adapted their messages, advertising campaigns and product offerings according to the cultural preferences of these communities.

2. Maintaining brand integrity. Having adapted to local tastes and preferences, these Western luxury brands have also preserved their corporate identity and authenticity. They were able to find the right balance between serving local markets and maintaining their brand values and image.
3. Increase brand awareness. These brands have focused on increasing brand awareness. For China, where luxury brands are still something relatively new, this is an effective tool. Companies have invested in marketing campaigns that inform consumers about the brand, its history, values, and products.
4. Omnichannel marketing. Western luxury brands have used multi-channel marketing to reach consumers in Japan, South Korea and China. They combine traditional marketing strategies with digital marketing, local social networks of each country and e-commerce to reach the widest possible audience.
5. Establishing partnerships. To achieve success in Japan, South Korea, and China, these Western luxury brands have established partnerships with local companies, influencers, and KOLs. These partnerships have provided them with the necessary information at the local level, knowledge and networks necessary for effective adaptation.
6. Personalization. Personalization is vital to the success of Western luxury brands in Japan, South Korea, and China. These brands offered customized products, services and experiences that met the needs and preferences of their target customers.

Each of the cases of using, adapting and implementing marketing strategies described above demonstrates the importance of adapting marketing strategies to the needs of local consumers when entering a new market. Luxury brands must carefully consider the special needs of their target market and adjust their plans accordingly in order to succeed.

Based on the analyzed data, as a rule, consumers of luxury brands from

countries such as Japan, South Korea, and China tend to pay more attention to marketing strategies such as brand image and reputation, product quality, exclusivity and personalized experience. These consumers also tend to value social status and cultural significance when making purchasing decisions.

As a result, despite the cultural and social differences and some heterogeneity of these countries, the following list of general recommendations was proposed for improving and enhancing the marketing strategies of Western luxury brands in selected Asian markets in the context of consumer value perception:

- **Respect cultural differences:** Each country has its own unique culture, and it is essential to understand and respect the cultural differences in Japan, South Korea, and China. Marketers should tailor their strategies to align with the cultural values of these countries, while maintaining the brand's identity.
- **Understand consumer preferences:** Understanding consumer preferences is crucial for Western luxury brands entering these markets. Marketers should research and analyze the tastes, preferences, current trends, and habits of their target audience and adapt their strategies accordingly.
- **Build brand awareness and reputation:** In Japan, South Korea, and China, consumers place a high value on a brand's reputation. Companies should focus on building a positive image and reputation in these markets by highlighting the brand's heritage, quality, and exclusivity.
- **Leverage local influencers:** Collaborating with local influencers or KOLs can help increase brand awareness and credibility in these markets. Marketers should identify and partner with influential celebrities and social media personalities who align with the brand's values and style.

- Incorporate digital strategies: Japan, South Korea, and China are some of the most digitally advanced countries in the world. Marketers should leverage digital platforms like social media, e-commerce, and local mobile apps to engage with consumers and increase brand awareness.
- Offer exceptional customer service: Exceptional customer service is crucial in the luxury sector. Brands should focus on providing high-quality, personalized services that meet the unique needs and preferences of customers in these markets.
- Localize products and marketing materials: To make their products and marketing materials more appealing to consumers in these countries, Western luxury brands should consider adapting their products and marketing messages to local tastes and preferences. This may involve creating new designs or using different colors and materials.

Summarizing the third chapter of the study, the following conclusions can be drawn. The formation of Consumer Value Perception plays a critical role in the marketing strategies of luxury brands, helping to differentiate them from their competitors, drive sales, cultivate brand loyalty, and enhance their reputation.

Considering all three author's classifications of consumer values proposed by Wiedman K.-P., Hennigs N. and Siebels A. [100], Sheth J.N., Newman B.I. and Gross B.L. [82], Smith J.B. and Colgate M. [84], the following list of values created by luxury brands for consumers was identified:

- Functional value;
- Value of self-identification;
- Hedonistic value;
- Materialistic value;
- Social value;
- Experiential value;
- Conditional value;
- Cost value.

All these values are important to build and create value for the consumer, especially for the formation of marketing strategies of luxury brands.

Therefore, after analyzing real cases of using and implementing marketing strategies, taking into account the importance of the role of creating value for the consumer in these analyzed markets, a number of recommendations were proposed, which focuses on the following points:

- Respect cultural differences;
- Understand consumer preferences;
- Build brand awareness and reputation;
- Leverage local influencers;
- Incorporate digital strategies;
- Offer exceptional customer service;
- Localize products and marketing materials.

Moreover, while there are some common elements across all markets, understanding the preferences of local customers is key to ensuring a successful launch. In addition, by introducing innovative elements and participating in experiential marketing, luxury brands can create a positive and sustainable brand image that resonates with customers on a personal level. The time spent adjusting their strategies to suit the local market can be crucial to the long-term success of any luxury brand entering the Asian market. In addition, it is important to remain flexible and respond quickly to changing consumer demands. By doing so, luxury brands can ensure that their strategies remain effective over time, and maximize their chances of growth.

Conclusion

Understanding Consumer Value Perception is crucial for Western luxury brands operating in Asian markets because the consumer behavior in these markets is radically different from that in the West. Asian consumers value different things such as family, social status, tradition, and respect. Therefore, it is essential for Western luxury brands to understand these cultural nuances and tailor their marketing strategies accordingly to target specific groups of consumers.

Luxury brands that can identify the key drivers of consumer value and use them in their messaging and advertising can significantly boost their sales in Asian markets. For example, brands like Louis Vuitton and Dior create communication plans that appeal to Asian consumers' need for social status and high prestige.

Moreover, understanding consumer value enables luxury brands to craft products that cater to their customers' unique preferences, tastes, and lifestyle. Brands that can create tailored experiences that appeal to Asian sensibilities can effectively build brand affinity and loyalty. Luxury retailer such as Chanel create bespoke clothing lines, customized designs, and personalized shopping experiences to cater to their Asian consumers.

Therefore, the aim of this thesis was fulfilled. The role of consumer perception of value in marketing strategies adopted by Western luxury brands in three selected Asian countries – Japan, South Korea and China was analyzed.

According to the tasks stated in the study, the following were done. As part of the first task, the theoretical aspect of marketing and marketing strategies, as well as the phenomenon and characteristics of the luxury brand in the context of the structure of the Marketing Mix (4P) were analyzed. Marketing Mix framework is an important tool that helps a brand to determine 4 aspects – its Product, Price, Place, and Promotion strategy, in accordance with luxury brand unique identity, image, pricing, exclusivity, target audience, and product quality.

The second task distinguished consumer behavior of luxury brands in Western and Asian markets. Western consumers prioritize their own needs and

requests, while Asian consumers prioritize social status and belonging to a group. Western consumers mainly buy online or in-store, while Asian consumers prefer social e-commerce via platforms like local mobile apps WeChat or Line.

Also, as part of the third task, consumers of luxury goods in the markets of Japan, South Korea, and China were studied and characterized. Consumer behavior in Japan, South Korea, and China is diverse due to varying backgrounds, languages, religions, and customs, despite shared characteristics of Confucianism and collectivism. Japanese luxury consumers prioritize quality over brand, while South Korean millennials seek luxury goods for status and prestige. Chinese consumers focus on brand names as symbols of wealth and status, often buying luxury goods as gifts and for ostentatious displays of affluence.

As part of the fourth task, it was determined that luxury brands rely on the Perception of Consumer Value to stand out from competitors, increase sales, increase brand loyalty and improve their reputation. The researchers identified eight consumer values that luxury brands focus on: functionality, self-identification, hedonistic, materialistic, social, experience-based, conditional and value. These values are crucial for creating consumer value.

As part of the fifth task, after analyzing cases of Louis Vuitton, Dior, and Chanel's marketing strategies in Asian markets, it is clear that these brands demonstrate differentiated approaches and focus on cultural sensitivity, maintaining brand integrity, increasing brand awareness, omnichannel marketing, establishing partnerships, and personalization to succeed in Japan, South Korea, and China. They adapt messages and offerings to local preferences while preserving their corporate identity, use multi-channel marketing methods including e-commerce and social media, partner with local companies and influencers, and offer personalized experiences.

Moreover, taking into account the importance of the role of creating value for the consumer in these analyzed markets, based on the analysis of real cases, a list of recommendations were proposed for the formation of marketing strategies by luxury brands, which concentrates and takes into account such important aspects

as cultural differences, consumer preferences, increasing brand awareness and reputation, attracting local authorities, introducing digital strategies, offering exceptional customer service, localization of products and marketing materials.

In conclusion, understanding Consumer Value Perception is a crucial aspect of shaping marketing strategies for Western luxury brands in Asian markets. By understanding what drives Asian consumers' purchasing decisions, luxury brands can create communication plans and tailor product offerings that align with the target audience's cultural and social drivers.

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APPENDIX A

Table 1 – Western Luxury Brands

	Brand name	Location of the headquarters (city, country)	Compliance with the ‘Location of the headquarters’ criterion
1	Gucci	Florence, Italy	No
2	Christian Dior	Paris, France	Yes
3	Chanel	London, United Kingdom	Yes
4	Louis Vuitton	Paris, France	Yes
5	Hermes	Paris, France	Yes
6	Rolex	Geneva, Switzerland	Yes
7	Tiffany	New York, USA	Yes
8	Prada	Milan, Italy	No
9	Versace	Milan, Italy	No
10	Ralph Lauren	New York, USA	Yes

APPENDIX A

Table 2 – Characteristics of Asian Consumers Behavior: Japan, South Korea, China

	Japan	South Korea	China
Personal factors (age group, gender)	<ul style="list-style-type: none"> • young and average consumer groups from 20 to 30 years old and from 40 to 60 years old • respectively, mostly women 	<ul style="list-style-type: none"> • increased purchasing power of a young group of consumers from 20 to 30 years of age • both women and men 	<ul style="list-style-type: none"> • 79% of consumers are under 40 years old, while 56% belong to generation Y after the 80s (ages 31 to 40) and 23% belong to generation Z after the 90s (ages 21 to 30) both women and men
Cultural perception factors (formed culture)	<ul style="list-style-type: none"> • collectivism, flexible nationalism • lack of egocentrism • strong attachment to family, friends, colleagues at work, etc. 	<ul style="list-style-type: none"> • sociocentrism, post traditional society • strong influence of Western culture • strong influence of rapid economic modernization is the formation of 2 principles ‘Ppali Ppali’ and ‘Elshim’, which mean quickly and diligently 	<ul style="list-style-type: none"> • collectivism, ethnocentrism • strong love for their country • the strong role of a person’s social status (the presence of the concept of ‘Diu Mian’ or loosing face in culture)
Social factors (religion, reference group, role, status of a person)	<ul style="list-style-type: none"> • the influence of Confucianism • striving for belonging to one’s own social group • striving for conformity 	<ul style="list-style-type: none"> • the influence of Confucianism • the desire to demonstrate their social status and wealth 	<ul style="list-style-type: none"> • the influence of Confucianism and Daoism • ostentatious demonstration of status • dependence on other people’s ratings

Ending of Table 2 – Characteristics of Asian Consumers Behavior: Japan,
South Korea, China

Psychological factors (motivation, perception, belief, attitude)	<ul style="list-style-type: none"> • sensitivity to the quality of goods • impatience for shortcomings • the presence of a refined taste for luxury goods 	<ul style="list-style-type: none"> • high brand loyalty • compliance with empirical motives • providing functionality and quality with luxury goods • openness to imported luxury goods 	<ul style="list-style-type: none"> • the acquisition of “status markers” • a guideline for the novelty of products, not the quality of the goods • the importance of the high cost of the product, not the taste of the person
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APPENDIX B

Table 1 – Western Luxury Brands’ Marketing Strategies in Asian Markets

	Japan	South Korea	China
Louis Vuitton	<ul style="list-style-type: none"> • use of brand heritage and history • collaborating with famous local artists – product customization • opening flagship stores in prime locations – Tokyo, Osaka, and Kyoto 	<ul style="list-style-type: none"> • collaboration with famous artists • cooperation with famous people – choosing a global brand ambassador 	<ul style="list-style-type: none"> • using social media digital platforms – WeChat & Weibo • cooperation with local KOLs
Dior	<ul style="list-style-type: none"> • collaboration and cooperation with local artists and designers by social media • organizing exhibitions 	<ul style="list-style-type: none"> • multi-channel retail strategy by combining online and offline stores – partnership with local department store operator • cooperation with famous artists – choosing a global brand ambassador 	<ul style="list-style-type: none"> • using social media digital platforms – Weibo, WeChat, Little Red Book (Xiaohongshu) • launched a digital campaign featuring local Chinese celebrities & KOLs
Chanel	<ul style="list-style-type: none"> • regularly releases new products • use local Japanese celebrities as brand ambassadors to promote its products 	<ul style="list-style-type: none"> • hosting pop-up stores in trendy areas of Seoul • exclusive events and collaborations with K-pop stars & local Korean influences • cooperation with famous artists – choosing a global brand ambassador • use local mobile app KakaoTalk & Instagram 	<ul style="list-style-type: none"> • use digital marketing strategy focusing on local platforms – WeChat & Tmall • respect cultural features – creation of limited collections

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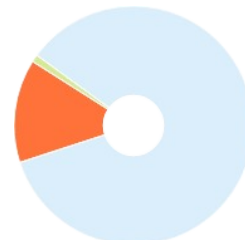
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